

Metropolitan West Total Return Bond Fund Institutional Class

Who Should Invest

- Investors seeking a high and relatively stable level of interest income.
- Investors seeking a bond investment to balance the risks of a portfolio containing stocks.

Who Should Not Invest

- Investors unwilling to accept moderate fluctuations in share price.
- Investors seeking long-term growth of capital.

Share Class Assets: \$927,659,600
as of July 31, 2003

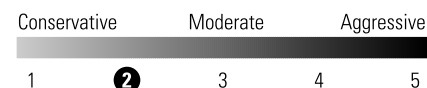
Expenses: 0.44%*

Ticker Symbol: MWTIX

Newspaper Listing: TotRetBdI

Fund Inception: March 31, 2000

Overall Risk Level:



Investment Objective

The Metropolitan West Total Return Bond Fund seeks to maximize long-term total return.

Investment Strategy

The fund invests in a diversified portfolio of fixed income securities of varying maturities issued by domestic and foreign corporations and governments (and their agencies and instrumentalities) with a portfolio duration of 2 to 8 years. The fund's portfolio may include bonds, notes, collateralized bond obligations, collateralized debt obligations, mortgage-related and asset-backed securities, and money market securities. These investments may have interest rates that are fixed, variable, or floating. The advisor will concentrate the fund's portfolio holdings in areas of the bond market that are believed to be relatively undervalued.

Under normal circumstances, the fund will invest at least 80% of its net assets in investment-grade securities.

See reverse side for Fund Profile.

Total Returns for Periods Ended December 31, 2003**

	Year to Date	1 Year	3 Years	Since Inception
Metropolitan West Total Return Bond Fund	14.12%	14.12%	7.42%	8.06%
Lehman Index***	4.10%	4.10%	7.57%	—

*For most recent fiscal year.

**Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns.

***Lehman Aggregate Bond Index, an unmanaged measure of bond market performance.

Metropolitan West Total Return Bond Fund

Institutional Class

A Few Words About Risk

Bond funds rise and fall in value with changes in interest rates. When rates rise, the bonds held by the fund fall in value and the fund's share price drops. Long-term bond funds (those with an average maturity of 10 years or more) are most sensitive to rate changes, while short-term bond funds (those with an average maturity of 2 to 5 years) experience only modest price movements. Intermediate-term bond funds fall somewhere in between.

Bond fund investors should also consider credit risk, the possibility that a bond issuer may be unable to make interest

Overall Risk Level:



payments or to pay back the amount of the original investment on time—or at all. Bonds issued by the U.S. government and its agencies carry the highest level of credit protection.

One final risk to consider is inflation—the possibility that over time the returns on your bond fund investment will fail to keep up with the rising cost of living. For example, a 4% rate of inflation reduces a 6% return to a 2% real return.

Investment Terms

Bond: An investment in which you lend money to a company, a government, or a government agency. The bond issuer agrees to pay back the loan by a certain date and to pay interest during that period.

Dividends: Payments made by companies to investors in their stock. The payments typically depend on economic conditions and the company's financial health.

Expenses: The costs of running a fund, expressed as a percentage of the fund's assets. For example, a fund may have expenses that total 0.30% (less than half of 1%) of its assets.

Market Risk: The chance that the value of an investment will change because of rising (or falling) stock or bond prices.

Mutual Fund: An investment company that combines the money of thousands of people and invests it in a number of securities (stocks, bonds, short-term reserves) to achieve a specific objective over time.

Total Return: The change in the value of an investment, plus any income from interest or dividends. The standard measure of a mutual fund's performance.

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All funds are offered by prospectus only. Prospectuses contain more complete information on risks, advisory fees, distribution charges, and other expenses and should be read carefully before you invest or send money. Prospectuses can be obtained directly from The Vanguard Group, P.O. Box 2900, Valley Forge, PA 19482-2900, or by calling 1-800-523-1188.